

Washington State Department of Health Office of Community and Rural Health

Critical Access Hospital Program Update for 8/99

Background:

The Medicare Rural Hospital Flexibility Program (also known as the Critical Access Hospital Program) was established by the Balanced Budget Act (BBA) of 1997 (PL 105-33). Its intent is to allow rural communities to : preserve access to primary care and emergency services, provide health care services which meet community needs, and help assure the financial viability of program participants through improved reimbursement and different operating requirements.

The Medicare Rural Hospital Flexibility Program creates the Critical Access Hospital (CAH). To qualify as a CAH, the hospital must meet the following requirements:

1. licensed and operating not-for-profit hospital;
2. currently participating in the Medicare program;
3. located in a rural area (this does not include hospitals in a MSA); and
4. located at least 35 miles from another hospital (15 miles if it is mountainous terrain or areas with only secondary roads) or certified by the State as being a necessary provider.

In addition, all eligible hospitals must adhere/agree to the following federal criteria.

1. Apply for designation;
2. Limit inpatient acute care beds to no more than 15. Facilities participating in the swing-bed program may maintain up to 25 beds, provided that no more than 15 beds are used for care at one time.
3. Provide inpatient care for not more than 96 hours unless discharge or transfer is precluded by weather or another emergency condition.
4. Comply with all the licensure and certification requirements for CAHs established by the federal and state governments.
5. Participate in a rural health network, defined as an organization consisting of at least one CAH and at least one full service acute care hospital where participants have developed network related agreements, including the following agreements:
 - a. patient referral and transfer;
 - b. development and use of communications systems, where feasible including telemetry and systems for electronic sharing of patient data; and
 - c. transportation agreements for emergency and non-emergency patients.
6. Establish credentialing and quality improvement assurances with at least one network hospital, peer review organization or equivalent, including:
 - a. medical staff credentialing, privilege delineation agreement;
 - b. medical staff peer review agreement; and
 - c. quality improvement agreement.
7. Make available 24 hour emergency services.
8. Make available 24 hour nursing services, but not required to staff unless an inpatient is present.
9. Inpatient services may be provided by a physician assistant, nurse practitioner, or clinical nurse specialists as long as there is physician oversight.
10. Reimbursement for inpatient and outpatient services to Medicare beneficiaries will be reimbursed on a reasonable cost basis.

Current Situation:

Washington State has implemented the Critical Access Hospital Program and has approval on our State Rural Health Plan from Region X Health Care Financing Administration. The Office of Community and Rural Health is the program lead and is responsible for designation of Critical Access Hospitals. It is also responsible for facilitating the work of Fiscal Intermediaries approving Form 855 and beginning cost based reimbursement; and, for the work of Facilities Services Licensing which conducts on site surveys, certifies Critical Access Hospitals, and acts on requests for exemptions from Hospital Rules. The State Rural Health Plan is updated periodically as new information is available. Sections that have been revised recently include the “State Criteria for Necessary Provider of Health Care Services”, and “State Requirements for Hospitals Seeking Designation as a Critical Access Hospital”.

A Designation Application form with instructions and a sample letter for hospitals to use if they are seeking Hospital Rules exemption is available for hospitals ready to initiate the process of becoming a Critical Access Hospital.

There are 42 rural hospitals (using the CAH definition of rural) in Washington State. Garfield County Memorial Hospital has been designated as a Critical Access Hospital, has received exemptions from Hospital Rules, and will be surveyed by Facilities Licensing Services on August 11-13, 1999.

Grant Opportunity: The State Rural Hospital Flexibility (SRHF) Grant Program was authorized for five years by Sec. 4201 of the BBA of 1997 with \$25M appropriated in 1999. These monies are separate from the dollars that will provide cost based reimbursement to CAHs. Washington State has received \$200,000 for the period June 1999 through June 2000. Most of this funding is available to CAH eligible hospitals via an application process. If you have any questions about applying for a grant please call our office at 360-705-6770 and ask for immediate assistance from Bev Court, Alice James or Kris Sparks. Additional grant funding is expected for the period September 1999-September 2000. To date we have received applications for funding from the SRHF grant from: Jefferson Memorial Hospital, Ocean Beach Hospital, Cowlitz Tribe of Washington, Lewis County PHD #1, Adams County PHD #2, Douglas, Grant, Lincoln, Okanogan Counties PHD #6, Gray’s Harbor County Public Hospital District #1, Jamestown S’Klallam Tribe, Lake Chelan County PHD #2, and Grant County PHD #2.

One of the other projects we will conduct with grant funding is called the “Rural Landscape Project”. A video “Healthy, Wealthy and Wise: Improving Rural Health Care Communities” shows how rural community hospitals in other states are strengthening community support, in part by demonstrating their value to the local economy. This video describes the process that will be used in that project. The video is available for loan by calling Robin Walker at 360-705-6766 or emailing her at rbw0303@doh.wa.gov

The points of contact for the Washington State Rural Hospital Flexibility Program are listed below.

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Next Steering Committee Meeting: Rural hospital administrators and others participate on the Critical Access Hospital Steering Committee. The next meeting of the committee will be in late September. There will be a Critical Access Hospital Workshop in Spokane in late October, which will include information, regarding how the PRO will be dealing with the reviews of patients exceeding 96-hour lengths of stay.

The Washington State Hospital Association person working on this program is Brenda Suiter. Others from the association have also provided invaluable assistance and support.

Accounting firm representatives from Mike Bell Associates and LeMaster & Daniels have played an important role in program development and in assisting hospitals with financial analysis modeling.

Other Department of Health staff involved in the Washington State Rural Hospital Flexibility (CAH) Program are Janet Griffith, Director, and Kathy Schmitt, Program Specialist, Emergency Medical Trauma Prevention; Gary Bennett, Director and Byron Plan, Program Manager, Facilities Services Licensing; and, Beverly Court, Manager, Vince Schueler, Analyst, and Robin Walker, Administrative Assistant, Office of Community and Rural Health.

Conference Call Opportunity Established: If you have any questions about the CAH Program or just want to chat or hear the latest from staff or peers, call this number: 1-800 966-6502 on the first and third Monday of each month starting on July 19 from 11AM until noon. The Office of Community and Rural Health will sponsor the call and at least one staff person will be available to facilitate the calls.